




Tooke *BROS. LIMITED*

ANNUAL REPORT

FOR YEAR ENDED DECEMBER 31,

1965



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DIRECTORS AND OFFICERS

DIRECTORS LAWRENCE FINKELSTEIN
SEYMOUR FINKELSTEIN
WILLIAM A. HUTCHESON, F.C.I.S.
RALPH LEVINE
DOUGLAS K. LAMONT
CLAUDE BERGER

OFFICERS President — LAWRENCE FINKELSTEIN
General Manager — MAX FINKELSTEIN
Vice-President — SEYMOUR FINKELSTEIN
Secretary-Treasurer — WILLIAM A. HUTCHESON, F.C.I.S.

AUDITORS McDONALD, CURRIE & CO.

STOCK TRANSFER AGENTS ROYAL TRUST COMPANY, MONTREAL

REGISTRAR BANKERS TRUST COMPANY

BANKERS BANK OF MONTREAL

OFFICE 460 St. Catherine St. West, Montreal, Canada

PLANT Cap de la Madeleine, P.Q.

Tooke *BROS. LIMITED*

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to submit the Financial Statements of the Company for the year ended December 31, 1965, as certified by the Company's Auditors.

The year's operation resulted in a net profit of \$88,539 after providing \$33,085 for depreciation of fixed assets and \$12,000 for income taxes, as against \$239,767 after providing \$40,994 for depreciation and \$24,000 for income tax the preceeding year.

During the year the company introduced a number of new products and new product lines. This involved a substantial amount of re-training, with consequent loss of productive time, which was reflected in a slightly reduced volume of sales. This marginal decline in sales, combined with additional expenses incidental to the development and introduction of the new lines, and rising costs in general, accounted for the sharp drop in net earnings as compared with those of the preceeding year.

The company's plant has been well maintained during 1965 and further improvements have been made.

On behalf of the Board of Directors, I am happy to express sincere appreciation to the personnel of the company for their efforts during the past year.

Submitted on behalf of the Board.

LAWRENCE FINKELSTEIN

President

Montreal, June 17th, 1966

RAPPORT DES DIRECTEURS AUX ACTIONNAIRES

Vos Directeurs ont le plaisir de vous soumettre les Etats Financiers de la Compagnie pour l'année qui s'est terminée le 31 décembre, 1965, tels qu'homologués par les vérificateurs de comptes attitrés de la compagnie.

Les opérations fiscales ont rapporté un profit net de \$88,539 après déduction faite de \$33,085 représentant la dépréciation sur immobilisations et \$12,000 pour paiement d'Impôts sur le revenu, comparativement à l'année précédente quand les profits nets étaient de \$239,767 après déduction faite de \$40,994 représentant la dépréciation et \$24,000 pour les Impôts sur le revenu.

Au cours de l'année, la compagnie a mis en marché un nombre de nouveaux articles ainsi qu'un nombre de nouvelles lignes. Ces innovations ont requis une période assez prolongée de nouvel entraînement causant nécessairement une perte de temps productif, qui eut pour effet une légère baisse dans le volume des ventes. Cette baisse marginale des ventes, plus les faux-frais additionnels encourus pour le développement et l'introduction de nouvelles lignes, ainsi que les hausses de prix courantes en général, ont contribué à cette baisse prononcée de nos revenus comparativement à ceux de l'année précédente.

L'usine de la compagnie a été maintenue en bon ordre durant 1965 et d'autres améliorations y ont même été apportées.

Je me fais donc l'interprète des membres du Conseil d'Administration pour exprimer au personnel de la compagnie, nos sincères remerciements pour leur collaboration et leur bon travail au cours de l'année dernière.

Soumis au nom du Conseil.

LAWRENCE FINKELSTEIN

Président

Montréal, le 17 juin 1966

Tooke *BROS. LIMITED* • BALANCE SHEET

ASSETS

	1965 \$	1964 \$
CURRENT ASSETS		
Cash	1,675	4,843
Accounts receivable	40,697	36,069
Inventories — at the lower of cost or net realizable value	708,231	660,495
Prepaid expenses	—	1,027
	<u>750,603</u>	<u>702,434</u>
 BALANCE RECEIVABLE ON SALE PRICE OF PROPERTY		
due in annual instalments of \$10,000 with interest at 5% (note 1)	<u>50,000</u>	<u>60,000</u>
 FIXED ASSETS		
Machinery and equipment — at cost	808,110	806,250
Accumulated depreciation	<u>676,725</u>	<u>643,639</u>
	<u>131,385</u>	<u>162,611</u>
 GOODWILL — at nominal value	<u>1</u>	<u>1</u>
	<u>931,989</u>	<u>925,046</u>

SIGNED ON BEHALF OF THE BOARD

LAWRENCE FINKELSTEIN

W. A. HUTCHESON, F.C.I.S.

} *Directors*

SHEET AS AT DECEMBER 31, 1965

LIABILITIES

	1965 \$	1964 \$
CURRENT LIABILITIES		
Bank advances — secured (note 1)	39,500	52,500
Accounts payable and accrued liabilities	24,334	27,822
Account payable — parent company	15,011	62,561
Income and other taxes	7,057	24,615
	<u>85,902</u>	<u>167,498</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized —

225,000 6% non-cumulative, voting, redeemable preferred shares
of \$6 par value

150,000 common shares without nominal or par value

Issued and fully paid —

219,618 preferred shares 1,317,708 1,317,708

120,000 common shares 51,695 51,695

1,369,403 1,369,403

DEFICIT 523,316 611,855

846,087 757,548

931,989 925,046

Tooke *BROS. LIMITED*

STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1965

	1965 \$	1964 \$
SALES TO AN AFFILIATED COMPANY	3,052,769	3,156,800
COST OF SALES, including administrative and other expenses	2,904,545	2,817,241
OPERATING PROFIT — before the following items —	148,224	339,559
Directors' remuneration	14,600	—
Depreciation	33,085	40,994
Interest on long-term debt	—	34,798
	<u>47,685</u>	<u>75,792</u>
	<u>100,539</u>	<u>263,767</u>
PROVISION FOR INCOME TAXES		
Current year (note 3)	37,500	100,500
Reduction on application of losses in prior years	25,500	76,500
	<u>12,000</u>	<u>24,000</u>
NET EARNINGS FOR THE YEAR	<u>88,539</u>	<u>239,767</u>

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1965

	1965 \$	1964 \$
BALANCE — BEGINNING OF YEAR	611,855	877,030
Profit on sale of fixed assets	—	25,408
Net earnings for the year	88,539	239,767
BALANCE — END OF YEAR	<u>523,316</u>	<u>611,855</u>

Tooke *BROS. LIMITED*

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1965

1. SECURITY FOR BANK ADVANCES

The balance of sale price of property is pledged to secure bank advances.

2. SECURITY FOR BANK ADVANCES TO PARENT COMPANY

The company has authorized and issued \$2,500,000 6% secured debentures, payable on demand, as collateral security for bank advances to its parent company.

3. INCOME TAXES

Income taxes payable for the year have been reduced by claiming, for tax purposes, depreciation in excess of that recorded in the accounts. This reduction amounted to \$9,000 for the year.

MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

TELEPHONE 875-5140

INTERNATIONAL FIRM

630 DORCHESTER BOULEVARD WEST

COOPERS & LYBRAND

MONTREAL 2, CANADA

April 7, 1966

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Tooke Bros. Limited as at December 31, 1965 and the statements of earnings and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and deficit, when read in conjunction with the notes thereto, present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

